



Fitch Affirms PHEAA Floating Rate Student Loan Revenue Notes, Series 2006-1

Ratings Endorsement Policy
29 Aug 2012 1:40 PM (EDT)

Fitch Ratings-New York-29 August 2012: Fitch Ratings affirms the 'AAAsf' ratings on both the senior and subordinate floating rate student loan revenue notes, series 2006-1 issued by Pennsylvania Higher Education Assistance Agency (PHEAA) under the 2006 Trust Indenture, dated Aug. 1, 2006. The Rating Outlook is Negative. A full rating list is shown below.

The collateral supporting the notes is comprised of student loans originated under the Federal Family Education Loan Program (FFELP). The Negative Outlook on the notes is tied to the Outlook on the U.S. sovereign rating.

Fitch used its 'Global Structured Finance Rating Criteria' and 'U.S. FFELP Student Loan ABS Rating Criteria' to review the ratings.

Fitch affirms the ratings on the PHEAA series 2006-1 senior and subordinate notes based on the sufficient level of credit enhancement to cover the applicable risk factor stresses. Credit enhancement for the senior and subordinate notes consists of overcollateralization and projected minimum excess spread, while the senior notes also benefit from subordination provided by the class B notes.

The current total parity for the trust is 102.94%. Although the trust can release cash at 100% parity, Fitch does not expect the parity level to be reduced below its current level. The notes' principal distribution amount definition states that principal collections may only be used to redeem note principal. Only excess interest collections can be released if parity is greater than 100%. Therefore, full credit is given to the current parity at 102.94%.

Fitch has taken the following rating actions:

Pennsylvania Higher Education Assistance Agency
Floating Rate Student Loan Revenue Notes, Series 2006-1:

- Class A-2 affirmed at 'AAAsf'; Outlook Negative;
- Class A-3 affirmed at 'AAAsf'; Outlook Negative;
- Class B affirmed at 'AAAsf'; Outlook Negative.

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the

issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:

--'Global Structured Finance Rating Criteria' dated June 6, 2012;

--'Rating U.S. Federal Family Education Loan Program Student Loan ABS', dated April 3, 2012.

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria

Rating U.S. Federal Family Education Loan Program Student Loan ABS Criteria

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